MARATHON ASHLAND PETROLEUM LLC ULSD TESTING



Distribution Concerns

- The distribution system has no experience in handling ultra low specification product in a batched system
 - Off-highway /heating oil <5000 ppm</p>
 - Jet Fuel <3000 ppm</p>
 - Low sulfur diesel <500 ppm</p>
 - Kerosene <2000 ppm</p>
 - Ultra low sulfur diesel ,15 ppm



Goals for MAPL ULSD Testing

- Determine whether sulfur from other refined products will "trail-back" in the pipeline
- Determine what batch sequences will work and the amount of interface generated



Goals for MAPL ULSD Testing (Con't)

- Determine sulfur degradation due to:
 - The originating tank and receipt manifold piping
 - The pipeline and its associated appurtenances
 - The delivery manifold, tank piping and transport loading equipment
 - Pipeline shutdowns
- Determine an appropriate field test for sulfur



ULSD Testing

- Initial tests conducted with Premium Gasoline on 4 pipeline systems
 - Many lessons about contamination learned
- ULSD tests were conducted on 4 pipeline systems
 - Garyville tests were the most recent
 - Garyville test was representative of all tests
 - Test covered movement from Garyville refinery tankage to MAP's tankage at Zachary, La



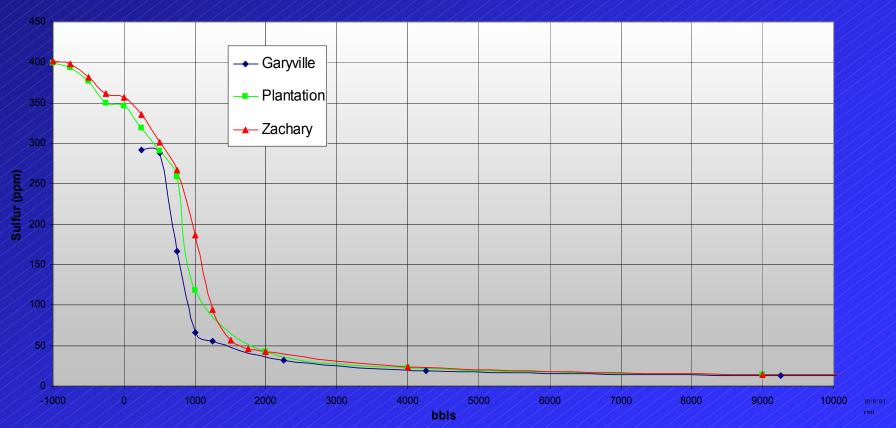
ULSD Testing — Garyville to Zachary

- Garyville made 90,000 bbls of ULSD in mid-September, 2001
 - ULSD in tank had 10 ppm sulfur and API gravity of 38.7 degrees
 - ULSD from unit had 7 ppm sulfur
- 76,500 bbls lifted to Zachary
 - LSD at head end
 - Regular gasoline at tail end



ULSD Testing – Garyville to Zachary Results (Con't)

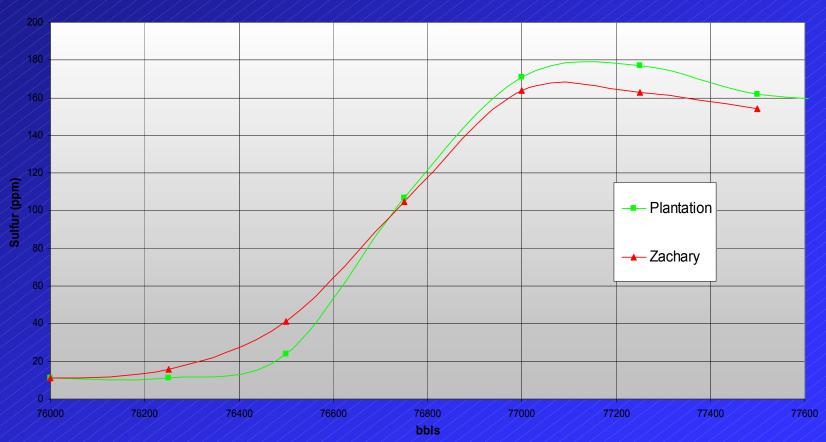
Garyville to Zachary Head End Expanded Sulfur Profile (9/15/01 - 9/16/01) Chart 2





ULSD Testing – Garyville to Zachary Results (Con't)

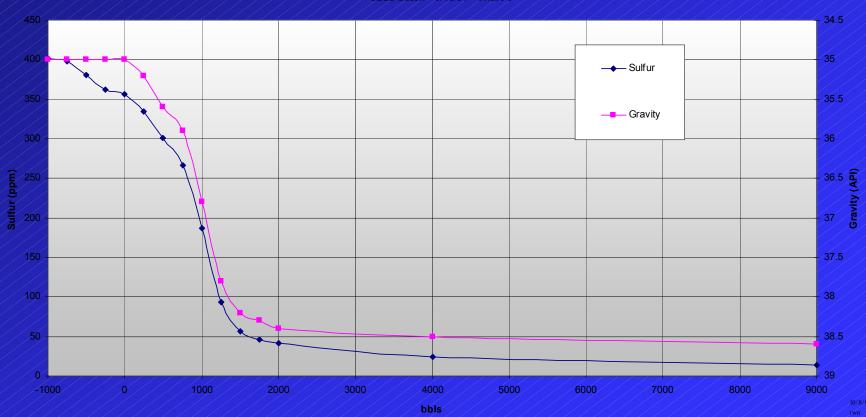
Garyville to Zachary Expanded Tail End Sulfur Profile (9/16/01) Chart 3





ULSD Testing — Garyville to Zachary Results (Con't)

Zachary Head End - Sulfur & Gravity Profile
ULSD Batch - 9/16/01 - Chart 6





ULSD Testing – Garyville to Zachary Results (Con't)

- Zachary via 20" system wrapped with LSD and gasoline
 - 73,034 bbls out of 76,588 bbls delivered to a clean tank at Zachary
 - 1-2 ppm sulfur degradation tank to tank
 - 4.6% loss to interface
 - Refinery tank line at Garyville contaminated head end 4000 bbls
 - No migration of sulfur at head end or tail end beyond the normal gravity interface zone
 - No degradation due to the pipeline and associated appurtenances
 - No sulfur degradation from delivery piping



Testing Summary

MAPL results indicate:

- Pipelines can transport ULSD and maintain the sulfur specification
- Gravity changes correspond closely to sulfur changes; protective gravity cuts should be acceptable
- The loss to interface should be the same as with current critical cuts



Testing Summary (Con't)

- MAPL results indicate:
 - Contamination occurs from front end systems such as refinery piping and origin station piping
 - Little sulfur contamination occurs in the pipeline
 - Tankage and delivery system piping does not add significant sulfur contamination



Testing Conclusions for MAP

- Concerns for pipeline operators:
 - Pipeline ULSD sulfur specifications could vary by batch depending on the routing
 - Simple refinery to terminal movements will add 1 about ppm sulfur and will lose about 3% to interface every time a batch is moved through tankage
 - More complex network routings could add several ppm sulfur and could have larger loses to interface
 - Each pipeline system will have its own "personality"
 - Anything which creates a product quality problem today will be exacerbated when handling ULSD
 - Pipeline ULSD sulfur specifications could vary by system



Testing Conclusions for MAP (Con't)

- Concerns for pipeline operators:
 - Must have in-line sulfur testing equipment
 - Control contamination that happens during transit
 - Help defining cut points
 - Suitable sulfur testing equipment is not currently available
 - Need to redesign terminals and facilities to minimize contamination
 - Downgraded diesel interface/transmix will have to be moved to a refinery or to a pipeline system that handles HSD
 - The ability to carry a 2nd grade of highway diesel will require new pipeline breakout tankage and new destination terminal tankage